

1 issue of how far that should be extended to other  
2 carriers.

3 MR. EDWARDS: Cox has made the decision  
4 that that deployment can result in an efficient  
5 network from its point of view; correct?

6 DR. COLLINS: Not at the outset. If it  
7 were going to be a efficient network as far as Cox  
8 is concerned, the level should be 10 DS1s. We have  
9 gone to three as I pointed out in response to  
10 Ms. Farroba's question. We have gone to three in  
11 the hopes that that would engender no argument at  
12 all, no difference of opinion.

13 MR. EDWARDS: Mr. Greco or Mr. Ball, let  
14 me ask you to look at page 11 of your nonmediation  
15 rebuttal, which is Exhibit 15.

16 MS. FARROBA: Could I ask just for  
17 purposes of the record, and we have all been doing  
18 this, when we refer to exhibits and just say  
19 Exhibit 1 or whatever, from now on could we just  
20 say WorldCom Exhibit 1 or AT&T Exhibit 1, et  
21 cetera?

22 MR. EDWARDS: Yes, ma'am.

1 I'm referring to WorldCom Exhibit 15, are  
2 you there, sir? Line 17.

3 Your testimony here confuses me a little  
4 bit. You seem to be saying here that it's  
5 WorldCom's position that a single point of  
6 interconnection should be established within the  
7 Verizon local calling area to take advantage of  
8 modern transport efficiencies.

9 Do you see that?

10 MR. BALL: Yes.

11 MR. EDWARDS: Is there a distinction in  
12 your testimony between--let me ask you this way:  
13 Are you using the term local calling area and LATA  
14 synonymously?

15 MR. BALL: I believe that's a mistake. It  
16 should say LATA.

17 MR. GRIECO: No, it's saying that we  
18 should be able to establish a single point of  
19 interconnection versus multiple IPs within Verizon  
20 local calling areas. So, it should be a single POI  
21 per LATA--

22 MS. PREISS: Excuse me, I'm sorry. What

1 page are you on on WorldCom Exhibit 15?

2 MR. GRIECO: Page 11, line 17.

3 MS. PREISS: Sorry for the interruption.

4 MR. GRIECO: It's essentially saying we  
5 should have a single point of interconnection with  
6 a LATA as opposed to multiple IPs per local calling  
7 area.

8 MR. BALL: So, if you added term "per  
9 LATA" after the word "interconnection," so it's  
10 drawing a distinction between single point of  
11 interconnection versus Verizon's proposal.

12 MR. EDWARDS: Mr. Talbott, you still have  
13 the JDPL, sir?

14 MR. TALBOTT: Yes, I do.

15 MR. EDWARDS: Would you look at page five  
16 for a minute.

17 MR. TALBOTT: Okay. Go ahead.

18 MR. EDWARDS: In this contract language  
19 here, if you turn back to page four, you reference  
20 interconnection architecture, and I believe in 1.2  
21 you're talking about interconnection through  
22 dedicated transport; is that correct?

1 MR. TALBOTT: That's one of the methods  
2 AT&T is specifying should be at its use to  
3 interconnect to Verizon.

4 MR. EDWARDS: And is it all also one of  
5 AT&T's specified methods exchange access as  
6 reflected in 1.3?

7 MR. TALBOTT: Yes. That should be  
8 available also.

9 MR. EDWARDS: And under what circumstances  
10 should AT&T use exchange access to interconnect?

11 MR. TALBOTT: When it's less than UNEs.

12 MR. EDWARDS: Do you know when that might  
13 occur?

14 MR. TALBOTT: When the Commission orders  
15 it.

16 MR. EDWARDS: Had there been instances  
17 where that, in fact, has occurred previously?

18 MR. TALBOTT: Yes, there are some states  
19 where access rates are less than UNE rates.

20 MR. EDWARDS: So whichever method produces  
21 the least cost to AT&T, it's strictly a matter of  
22 cost, no other factor, that's what would determine

1 the manner of interconnection?

2 MR. TALBOTT: None I could think of off  
3 the top of my head. It's a cost inefficiency  
4 issue.

5 MR. EDWARDS: Let's go to issue I-2 for a  
6 minute.

7 Dr. Collins, would you look for a minute  
8 at your rebuttal testimony. That's Cox Exhibit 2,  
9 page 13.

10 DR. COLLINS: I have it.

11 MR. EDWARDS: I alluded to this issue  
12 earlier, Dr. Cox.

13 Am I correct--I mean, Dr. Collins, I'm  
14 sorry. There is a disagreement between Verizon and  
15 Cox regarding, I guess, how deep into the Cox  
16 network it will allow Verizon to construct its own  
17 facilities; correct? Or its own transport.

18 DR. COLLINS: There appears to be a  
19 difference of opinion, yes.

20 MR. EDWARDS: And Verizon would like the  
21 option to construct its own transport to the Cox  
22 switch; is that correct?

1 DR. COLLINS: I'll accept that as  
2 Verizon's position.

3 MR. EDWARDS: And Cox's position is that  
4 Verizon should only be able to construct its own  
5 transport to the entrance facility; is that  
6 correct?

7 DR. COLLINS: Cox's position is that  
8 Verizon can join with Cox in having a joint fiber  
9 meet, which is the same as the mid-span meet you  
10 just mentioned, but I think perhaps with a little  
11 better description.

12 Such interconnection has been done in the  
13 past, for the past four years or so Cox and Verizon  
14 have been doing business together.

15 Or Verizon can construct its own  
16 facilities through the closest wire center, which  
17 Cox has been able to determine to the extent that  
18 term determination is correct, is four miles or  
19 less away.

20 And then from there, take a Cox--use Cox  
21 facilities and unfortunately in a tariff we call a  
22 mentions facilities which includes a

1 mileage-sensitive rate as well as a flat rate, both  
2 of those costs of due to the facility charge. I  
3 say unfortunate in that the term of art that Cox  
4 uses entrance facility is the same that Verizon has  
5 chosen, and I described it before with a capital E  
6 and capital F, which is your flat rate of facility  
7 probably from the nearest manhole in into your  
8 central offices.

9           So, Cox facility is mileage-sensitive plus  
10 termination flat rated, and we would carry the  
11 traffic that four files or less using those  
12 facilities for you into the central office, which  
13 brings up another one of the issues of co-location  
14 issues, but that is Cox's position at the present  
15 time and has been during the negotiation.

16           MR. EDWARDS: And this dispute really  
17 becomes moot if there is a mid-span fiber meet or  
18 joint fiber meet?

19           DR. COLLINS: I believe as far as Cox is  
20 concerned, it would go away. I presume it would go  
21 away as far as you're concerned also, but I don't  
22 know.

1 MR. EDWARDS: But if that's not--if there  
2 is not a joint fiber meet, is that the term you  
3 wanted to use joint fiber meet?

4 DR. COLLINS: If you don't mind.

5 MR. EDWARDS: That's fine, joint fiber  
6 meet. If there is not a joint fiber meet, then  
7 from what Cox determines to be the entrance  
8 facility to the termination point, Verizon has no  
9 option other than to purchase distance-sensitive  
10 transport from Cox; is that correct?

11 DR. COLLINS: Yes, that's correct, and  
12 Verizon can purchase those facilities at the same  
13 rate that Cox would charge any other carriers.  
14 It's a tariff rate.

15 MS. DAILEY: Is that pursuant to a  
16 transfer filed with the Virginia Commission?

17 DR. COLLINS: Yes.

18 MR. EDWARDS: Let's move to issue I-3 that  
19 Dr. Collins--

20 MS. PREISS: Could I interrupt for a  
21 second before we move on. What is Cox's objection  
22 to Verizon building its own transport facilities to

1 Cox's switch?

2 DR. COLLINS: In order to terminate those  
3 facilities, Verizon would have to co-locate in  
4 Cox's central office, and Cox is not under any  
5 obligation to provide co-location facilities to  
6 Verizon. And as we have negotiated the new  
7 contract, that has been our position. Those  
8 co-location facilities are not offered to Verizon  
9 inside the office.

10 MS. PREISS: Under Cox's current contract  
11 with Verizon, is your position in this arbitration  
12 reflect the current contractual arrangements with  
13 Verizon?

14 DR. COLLINS: The end result-- the answer  
15 to that is the end result of utilization of the  
16 existing contracts, there is no difference between  
17 those two positions. That is, the existing  
18 contract is a result of negotiation and a concern  
19 that Bell Atlantic had when its back negotiated  
20 some years ago about some co-locating in Cox's  
21 office. In order to mitigate that concern and in  
22 the spirit of compromise, Cox said, well, how about

1 if we say this: If Cox provides co-location to any  
2 other carrier, then we will provide it to you too  
3 under the same terms and conditions. And that's  
4 what's in the existing contract.

5           To the extent Cox does not provide it to  
6 another carrier, then it is not under any  
7 obligation to provide it to them, Bell Atlantic now  
8 Verizon. And Verizon has never requested as to  
9 whether or not Cox information--show whether Cox  
10 has provided to another carrier. It seems to me it  
11 has no interest up to the present time. So in the  
12 new contract it cleared that matter up, and Cox has  
13 no intention presently; it's not part of its  
14 business plan to provide such co-location for the  
15 purpose of interchanging traffic. I should say to  
16 be complete and fully informative that we do have  
17 co-location by other carriers, but not for traffic  
18 exchange. It's for entirely different, different  
19 purposes, and Cox has no intention to use it to  
20 allow co-location for traffic exchange to any  
21 third-party carriers.

22           Therefore, in order to clean up the

1 agreement and to solve any future problem that may  
2 occur from it, we adopted the position for this  
3 agreement that we will not offer it.

4 MS. PREISS: Okay, maybe my confusion is a  
5 technical problem. Why--and I will just apologize  
6 for my ignorance--why can't Verizon bring fiber up  
7 to some, and I don't know the technical word for  
8 it, some drop or something outside of your switch  
9 and you would bring--you would pick up that cable  
10 and bring it into your switch?

11 DR. COLLINS: Well, they can, and so the  
12 next question is what is the most convenient and  
13 technically feasible place to do that. And as far  
14 as Fox knows, the answer to that is at the closest  
15 Verizon wire center to Cox's switch, and that's  
16 what we've offered. That is the point where we  
17 provide that facility.

18 MS. PREISS: Okay. Convenient to whom?

19 DR. COLLINS: Well, we hoped it was  
20 mutually convenient.

21 MS. PREISS: Okay.

22 DR. COLLINS: I mean, we didn't pick it

1 because it just happened to be convenient to Cox.  
2 We picked it because it was a feasible  
3 interconnection point, and we hoped it would be  
4 mutually convenient because Verizon could then use  
5 existing facilities that had excess capacity to get  
6 there, to use channels, virtual channels that you  
7 wouldn't in existing carrier systems that exist  
8 between the central and the wire centers and we  
9 hoped that it would be convenient for them to do  
10 it. At least so far in the negotiation it doesn't  
11 seem to be coming together the minds on that issue.  
12 So we again say well, let's do a joint fiber meet  
13 then and solve the problem that way, and that gives  
14 you two alternatives. We think a choice of those  
15 two is reasonable, and that's where it sits.

16 MS. DAILEY: Is it your position that the  
17 distance-sensitive entrance facility rate would  
18 never exceed a 4-mile distance charge?

19 DR. COLLINS: As far as we've been able to  
20 determine, under Cox's current network layout and  
21 architecture, it is less than 4 miles. We would  
22 not expect that to change, although we don't know.

1           As an example, it may be more convenient  
2 for Verizon to bring its facilities not to the  
3 nearest wire center, but some other one, and we  
4 would honor that request, and we would then offer  
5 them to provide the same small E and small F to  
6 differentiate from their tariff service, entrance  
7 facility package to go from the not closest wire  
8 center.

9           So wherever they want to get to, we're  
10 willing to work with them to carry the traffic from  
11 that point to our facility. We think it makes more  
12 sense to go to the closest wire center. To the  
13 extent it doesn't, we're willing to accommodate  
14 that too.

15           MR. EDWARDS: Dr. Collins, you recognize,  
16 I take it, that Cox has the same duty to  
17 interconnect under the Act that Verizon does; is  
18 that correct?

19           DR. COLLINS: It has the duty to  
20 interconnect under the Act, that's correct.

21           MR. EDWARDS: Are you familiar with the  
22 concept manhole one or manhole zero? Have you

1 heard either of those terms?

2 DR. COLLINS: Yes.

3 MR. EDWARDS: You understand that to be  
4 the first manhole outside of a central office or  
5 facility?

6 DR. COLLINS: That's how they are usually  
7 designated, yes.

8 MR. EDWARDS: And I assume Cox, for its  
9 facilities, has first manhole outside that  
10 facility; correct?

11 DR. COLLINS: I guess--I don't guess. I  
12 can't answer that question of my own knowledge. I  
13 have not gotten down to that level of detail in the  
14 Cox implementation of its network. I just don't  
15 know.

16 MR. EDWARDS: All right. Do you know that  
17 when Cox or another CLEC wants to interconnect with  
18 the Verizon network, it's certainly not limited to  
19 doing so at the Cox or CLEC wire center or facility  
20 outside the Verizon wire center or point of  
21 interconnection?

22 DR. COLLINS: Once again, please repeat

1 the question.

2 MR. EDWARDS: Do you understand that when  
3 Cox or another CLEC interconnects with Verizon, and  
4 they want to do so at the location of the switch,  
5 for example?

6 DR. COLLINS: Interconnect at Verizon  
7 switch?

8 MR. EDWARDS: Right.

9 DR. COLLINS: Yes.

10 MR. EDWARDS: They could bring their  
11 facilities directly to the switch; is that correct?

12 DR. COLLINS: Under the requirements for  
13 co-location provided by the Act--yes, as provided  
14 by the '96 Act and the FCC's regulations, rules,  
15 yes, I do know that's true.

16 MR. EDWARDS: Mr. Nurse.

17 MR. NURSE: Good morning.

18 MR. EDWARDS: Good morning, sir.

19 In your AT&T Exhibit 5--

20 MR. HARRINGTON: Which issue are we on  
21 now?

22 MR. EDWARDS: 1.3.

1 MR. NURSE: I'm not sure my testimony is  
2 marked by exhibit number.

3 MR. EDWARDS: This is your direct  
4 testimony on nonmediated issues. It's your  
5 testimony that addresses 1.3.

6 MR. NURSE: Yes.

7 MR. EDWARDS: Page 23. That may not be  
8 correct. The hole punch again. It's actually page  
9 two and three. You with me? This is where you  
10 address issue 1.3.

11 And you state AT&T's position is that it  
12 does not allow Verizon to co-locate under the Act  
13 in its facilities; is that correct?

14 MR. NURSE: You have my direct testimony?  
15 Do you have a line number?

16 MR. EDWARDS: Line 20 and 21.

17 MR. NURSE: Okay. Go ahead.

18 MR. EDWARDS: My question is, AT&T's  
19 position is it will not allow Verizon to co-locate  
20 in AT&T facilities under the Telecom Act.

21 MR. NURSE: No, that's not what it says.  
22 It says that AT&T as a competitive LEC, just a LEC,

1 not an incumbent LEC, is not obligated to offer  
2 Verizon co-location under 251 C6.

3 MR. EDWARDS: Does AT&T offer Verizon  
4 co-location?

5 MR. NURSE: Well, it depends what you mean  
6 by--

7 MR. EDWARDS: Co-location as used in the  
8 Telecom Act.

9 MR. NURSE: Not co-location as used in 251  
10 C6, no.

11 MR. EDWARDS: AT&T instead, if I  
12 understand your testimony, is willing to offer a  
13 space license?

14 MR. NURSE: Yes. More than offer,  
15 AT&T--Verizon has their facilities in some of our  
16 locations, so it's not a hypothetical. We have two  
17 things. One is we have your hardware in some of  
18 our locations, and your personnel come into our  
19 locations to work on that hardware, and we have  
20 also entered a space license agreement for to you  
21 do that.

22 MR. EDWARDS: And do these space license

1 agreements tend to be for set periods of time?

2 MR. NURSE: I would think so. They're  
3 typically probably contract terms.

4 MR. EDWARDS: They're like a lease; right?

5 MR. NURSE: Yeah, they're contract terms,  
6 and then they will have whatever their renewal  
7 provision is.

8 MR. EDWARDS: When AT&T co-locates in a  
9 Verizon facility, it's not committed to be there  
10 for any specific time; correct?

11 MR. NURSE: AT&T co-locates under various  
12 Verizon tariffs, and so it's subject to the terms  
13 of those tariffs.

14 MR. EDWARDS: Do you know of any tariff  
15 filed by Verizon in any state that requires  
16 co-location for a specific period of time?

17 MR. NURSE: Yes, I believe they're month  
18 to month.

19 MR. EDWARDS: They could be terminated at  
20 a 30-day notice then; correct?

21 MR. NURSE: No, I believe the termination  
22 period is longer than that, but I believe the

1 minimum occupancy is a month, but they also have a  
2 very high fixed cost to get in. I believe the FCC  
3 tariff is in the neighborhood of \$47,000 for a  
4 hundred square feet, so it would be pretty  
5 irrational to foot \$47,000 plus the application  
6 fee, move in and then check out. That would be a  
7 pretty expensive proposition.

8 MR. EDWARDS: Do the space licenses that  
9 you're--you're familiar with the terms of space  
10 licenses?

11 MR. NURSE: I haven't read the entire  
12 contract.

13 MR. EDWARDS: Do you know whether a space  
14 license provides for termination liability?

15 MR. NURSE: No, I don't. But I'm sure  
16 that the terms in the agreement must have been  
17 agreeable to Verizon because Verizon entered into  
18 the agreement. So I'm sure you all read the  
19 agreement, you know, and weighed all the terms, and  
20 you entered into the contract, so it must have been  
21 agreeable to you.

22 MR. EDWARDS: Do you know whether the

1 price terms contained in these space licenses are  
2 at TELRIC rates, or are they at market negotiated  
3 rates, or do you know?

4 MR. NURSE: The contract--we would not  
5 have been obligated to have done a TELRIC study, so  
6 I don't know that--when you say TELRIC rates, you  
7 are talking about Verizon's TELRIC rates. So that  
8 doesn't apply. But I don't believe AT&T has done,  
9 and it's not obligated to do a TELRIC study.

10 MR. EDWARDS: Dr. Collins, if you'd look  
11 at your direct testimony, which is Cox Exhibit 1,  
12 page 13.

13 DR. COLLINS: I have it.

14 MR. EDWARDS: Look at the sentence that  
15 begins on the bottom of page 23 and goes over to  
16 the top of page--I'm sorry, the sentence that  
17 begins on line 23 on page 13 and goes over to the  
18 top of page 14.

19 This also addresses issue I-3, and there  
20 you said that if Cox had the obligation to provide  
21 co-location, it would have to change the design of  
22 its switch locations, including the size of the

1 facilities required to accommodate equipment needed  
2 by co-locating ILECs.

3 Do you see that?

4 DR. COLLINS: I do see it, yes.

5 MR. EDWARDS: What's the basis for that  
6 statement, Dr. Collins?

7 DR. COLLINS: If Cox is required to  
8 provide co-location to other carriers, then in  
9 planning expansions of its network, from the point  
10 of view of capital investment and buildings which  
11 would house these switches, Cox would not only have  
12 to accommodate its own vision of what the switch  
13 floor space power, et cetera, would be required,  
14 but would also have to estimate future demands for  
15 co-location then add that future need for  
16 co-location space to existing plan design in  
17 addition to providing either directly or  
18 opportunities for easy expansion of its powering  
19 facilities, its alarm facilities, air conditioning,  
20 cooling, and what have you.

21 To the extent that Cox is not obligated to  
22 take these somewhat unknown variables into

1 consideration, the design of its facility based on  
2 its own needs and its own ability to forecast those  
3 needs because of its internal knowledge, is just a  
4 lot easier.

5 MR. EDWARDS: But all of those factors are  
6 exactly what Cox would expect Verizon to do in its  
7 own planning; correct?

8 DR. COLLINS: Well, first of all, the  
9 answer to that is yes. Cox would expect Verizon to  
10 do that, but that is not the entire answer. The  
11 answer more fully is what leads Cox to the position  
12 of having that expectation, and the answer to that  
13 is it's not something that Cox has done, but is  
14 something that the Congress has done. It's the  
15 law. You are required to do it. Cox has the  
16 expectation because that's the law, just as prior  
17 to the '96 Act, Cox, although a large cable company  
18 across the United States and wanting to expand its  
19 business base, couldn't go into the  
20 telecommunications business because you had the  
21 lock on the marketplace. Cox didn't like it, but  
22 it was the law.

1           So, you had an expectation that Cox would  
2 not meet you in competition, nor would AT&T and  
3 WorldCom, and your expectation was based on a lot.  
4 Cox's expectation now with respect to co-location  
5 is based on a different one.

6           MR. EDWARDS: Let me ask you, Dr. Collins,  
7 to look at your rebuttal testimony, Cox Exhibit 2,  
8 which I think is what we are looking at, page 17.

9           I'm not sure you need a specific  
10 reference. Am I correct that your testimony  
11 addresses the joint fiber meet form of  
12 interconnection as at least one of the  
13 justifications for why Cox believes Verizon ought  
14 not have the right to co-locate in Cox's  
15 facilities?

16           DR. COLLINS: No, that's not a proper  
17 characterization.

18           MR. EDWARDS: I apologize then. Can you  
19 correct my characterization.

20           DR. COLLINS: Yes. The proper  
21 characterization is that Cox does not offer  
22 co-location to Verizon because of the reasons that

1 we covered before. Neither under the first  
2 agreement, that is, the existing agreement, nor  
3 under Cox's version of the agreement, which is here  
4 for arbitration.

5 That brings up the question of, well, what  
6 can be used in the alternative, and this discussion  
7 about shared fiber meets is to provide one of the  
8 alternative interconnection vehicles that exists.

9 MR. EDWARDS: All right. And it's Cox's  
10 position in this proceeding the shared fiber meet  
11 form of interconnection should be done pursuant  
12 mutual agreement between Cox and Verizon? I could  
13 refer you to footnote 15. Actually, that footnote  
14 is in your rebuttal testimony, Exhibit 2.

15 DR. COLLINS: That's fine. The answer to  
16 the question is yes.

17 MR. EDWARDS: And that's the agreement  
18 that Cox and Verizon have reached, that the shared  
19 or joint fiber meet point form of interconnection  
20 should be done pursuant to mutual agreement.

21 DR. COLLINS: That has been the case so  
22 far, yes.

1 MR. EDWARDS: Now, Mr. Talbott,  
2 Mr. Schell, it's AT&T's position correct that AT&T  
3 should have the sole option to use that form of  
4 interconnection and it ought not to be pursuant to  
5 mutual agreement; correct?

6 MR. TALBOTT: That's correct. AT&T should  
7 have the right to designate where and when mid-span  
8 fiber meets would be used to interconnect.

9 MR. EDWARDS: And under AT&T's proposal,  
10 AT&T designates not only the method, but also where  
11 the splice point will be located; is that correct?

12 MR. TALBOTT: AT&T would be able to  
13 specify the terminal locations, the end points of  
14 the mid-span system, and where the splice point  
15 should be.

16 MR. EDWARDS: And, Mr. Greco or Mr. Ball,  
17 WorldCom's position is consistent with AT&T's on  
18 that; correct?

19 MR. GRIECO: Yes.

20 MR. EDWARDS: Mr. Talbott, would you agree  
21 with me if AT&T or WorldCom can choose unilaterally  
22 the method of interconnection as well as its

1 location, that necessarily means that AT&T or  
2 WorldCom is dictating to Verizon that it must  
3 construct new facilities and where it must  
4 construct them?

5 MR. TALBOTT: Yes. And the FCC has said  
6 in the local competition order that it will require  
7 ILECs to do that as an accommodation to  
8 interconnection. A "reasonable accommodation," I  
9 think, is the word.

10 MR. EDWARDS: Is it AT&T's belief that not  
11 only Verizon has to provide interconnection at any  
12 technically feasible point, Verizon must also  
13 construct the technically feasible points for the  
14 interconnection?

15 MR. TALBOTT: Yes, but only up to one half  
16 of the expense. So if the splice point designated  
17 by AT&T would require for Verizon to provide more  
18 than one half of the system, AT&T would bear one  
19 half of the costs so that Verizon would be  
20 reimbursed.

21 And I think based on AT&T's bearing half  
22 the cost, it's in AT&T's interest to designate a

1 system that's efficient for both parties.  
2 Otherwise, we would be increasing our own costs in  
3 the system which, of course, would not be in AT&T's  
4 interest to do.

5 MR. EDWARDS: All right. Is it  
6 reasonable, when looking at costs with respect to  
7 the fiber meet point that--is it helpful  
8 analytically to divide those costs into the costs  
9 to build and interconnect the facilities on the one  
10 hand and the costs to maintain the facilities on  
11 the other hand?

12 MR. TALBOTT: I hadn't considered that to  
13 be the cost of construction.

14 MR. EDWARDS: All right. So, your  
15 testimony that you just gave, then, is related only  
16 to the costs of construction?

17 MR. TALBOTT: Yes, sir.

18 MR. EDWARDS: And that's as far as AT&T's  
19 position goes with respect to the cost-sharing  
20 mechanism you just articulated?

21 MR. TALBOTT: Like I said, I hadn't  
22 considered maintenance in that. I could go back

1 and review the language, but I don't recall there  
2 being maintenance costs to be shared. Each party  
3 would maintain their own facilities.

4 MR. EDWARDS: All right. Now, with  
5 respect to who pays the build--who pays the  
6 buildout cost, I want to make sure I understand  
7 what you said, and let me give you a simple  
8 hypothetical.

9 If the buildout costs totaled--let me ask  
10 a prefatory question. When we are talking about  
11 buildout costs, what are we talking about? What  
12 elements are we talking about?

13 MR. TALBOTT: Talking about the cost of  
14 the fiber-optic terminal equipment, and the  
15 fiber-optic cable, and the cross-connections.

16 MR. EDWARDS: So, it includes the  
17 fiber-optic terminal equipment located in the  
18 Verizon facility?

19 MR. TALBOTT: Yes, sir.

20 MR. EDWARDS: And whatever the terminating  
21 equipment is in the AT&T facility?

22 MR. TALBOTT: Yes, sir.

1 MR. EDWARDS: And then the stuff to get  
2 from the equipment in each facility to some meet  
3 point; is that correct?

4 MR. TALBOTT: The fiber strands.

5 MR. EDWARDS: The fiber strands.

6 MR. TALBOTT: And whatever it takes to  
7 splice the fiber together and to cross-connect that  
8 into the equipment.

9 MR. EDWARDS: All right. Now, if those  
10 costs are a total of a thousand dollars, and when  
11 the construction is ongoing Verizon incurs \$700,  
12 and AT&T incurs \$300 under AT&T's proposal, there's  
13 a true-up at the end, and each side pays \$500?

14 MR. TALBOTT: That's correct.

15 MR. EDWARDS: Does the AT&T language  
16 provide an audit mechanism for either party with  
17 respect to costs incurred?

18 MR. TALBOTT: I don't recall that.

19 MR. EDWARDS: Does it provide for any  
20 process or procedure to do this true-up?

21 MR. TALBOTT: I didn't believe the  
22 contract went to that specificity.

1 MR. EDWARDS: Now, WorldCom, on this  
2 issue, let me ask to you look at WorldCom Exhibit  
3 3, page 64.

4 MS. KELLEY: And for the witnesses who  
5 don't do this by exhibit number, it's your direct  
6 testimony of July 31st.

7 MR. EDWARDS: On 64, lines 17 to 19, you  
8 say the limited buildout to the meet point is the  
9 financial responsibility of each party.

10 Do you see that?

11 MR. GRIECO: Yes.

12 MR. EDWARDS: And then on page 65, line  
13 four, you say the parties equally share in the  
14 capital investment. Do you see that?

15 MR. GRIECO: Yes.

16 MR. EDWARDS: And page 66, line eight, you  
17 say there is a sharing of costs, and on line nine  
18 you say each company bears its share of the cost.  
19 Do you see that?

20 MR. GRIECO: Yes.

21 MR. EDWARDS: My question is, I'm confused  
22 about WorldCom's position regarding who pays what

1 for the buildout facilities.

2 MR. GRIECO: WorldCom would pay for its  
3 transmission equipment. Verizon would pay for  
4 their transmission equipment. WorldCom would pay  
5 for the fiber-optic cable they would take from  
6 their end of the mid-span to Verizon's under the  
7 mid-span, and Verizon would pay to bring their  
8 fiber from their end to our end.

9 MR. EDWARDS: And that's regardless of  
10 where the meet point is?

11 MR. GRIECO: Are you referring to like a  
12 spot in the street halfway in between the two  
13 locations?

14 MR. EDWARDS: No, I'm referring to the  
15 point where the splice occurs between the  
16 facilities, wherever that might be.

17 MR. GRIECO: Typically, the way we have  
18 done it in the past with other ILECs is we've  
19 brought cable from our facility all the way to  
20 Verizon's--or to the other ILEC's facility. We  
21 give them enough slack to bring it up into their  
22 facility and terminate it into their transmission

1 equipment, and we ask the ILEC to do it the same in  
2 the other direction. There is no splice point in  
3 the street somewhere in between the locations. It  
4 just creates a seamless sign of ring between the  
5 two fiber-optic terminals.

6 MR. EDWARDS: Who chooses where the splice  
7 point is? There isn't one?

8 MR. GRIECO: Not typically, no.

9 MR. EDWARDS: So, is WorldCom's proposal  
10 then different than what you just heard AT&T say  
11 with respect to the sharing of costs?

12 MR. GRIECO: Only to the effect that I  
13 don't believe we have any true-up language in our  
14 contract I'm aware of.

15 MR. EDWARDS: So, the parties don't  
16 equally share the capital investment?

17 MR. BALL: I think to the extent our  
18 proposal provides that each party is building half  
19 of a ring that you wouldn't have the instance where  
20 one party is providing more capital than the other  
21 party because under our proposal we build all the  
22 way from our location to Verizon's location, and

1 Verizon does likewise its ring. So, they're two  
2 halves of the ring.

3 MR. EDWARDS: Let me ask to you look at  
4 your language on that issue. And do you have the  
5 JDPL there or do you have the contract language  
6 there?

7 MR. GRIECO: I have the contract.

8 MR. EDWARDS: My reference was to--and on  
9 the JDPL, this is page 80, following along, and  
10 it's 1.1.5.2.6. And actually, the provision  
11 before.

12 And if I understood the contract language,  
13 1.1.5.2.5 I think contemplates the scenario I think  
14 you were just describing, but 1.1.5.2.6  
15 contemplates an alternate scenario where MCI  
16 WorldCom designates a common facility handoff point  
17 between the network; is that correct?

18 MR. BALL: Yes.

19 MR. EDWARDS: And that common facility  
20 handoff point might be anywhere between the  
21 facilities; correct?

22 MR. GRIECO: Potentially, yes.

1 MR. EDWARDS: And whenever MCI WorldCom  
2 designates that location, it's MCI WorldCom's  
3 position that each party on its side of the meet  
4 point bears whatever costs are; correct?

5 MR. GRIECO: Yes.

6 MR. EDWARDS: That's all the questions I  
7 have for this subpanel.

8 MR. GOYAL: I just have a couple of  
9 follow-up questions on this subject of mid-span  
10 meets.

11 The first question is for Mr. Talbott.

12 You testified that the local competition  
13 order requires ILECs to provide mid-span meet fiber  
14 interconnection as a reasonable accommodation of  
15 interconnection. I believe that the same paragraph  
16 that makes that statement also states that ILECs  
17 would be required to build out up to a reasonable  
18 point, and I believe that paragraph left state  
19 commissions and parties in the position--ILECs to  
20 provide mid-span fiber meet point interconnection  
21 as a reasonable accommodation of interconnection,  
22 and I believe that paragraph also refers to a

1 reasonable limit up to which the ILEC would be  
2 required to build out.

3 Does AT&T have an opinion on what that  
4 limit should be?

5 MR. TALBOTT: To the extent AT&T is  
6 willing to bear one half of the cost of that  
7 buildout, that point should not necessarily have to  
8 be specified or limited by the Commission. It's in  
9 our interests to name a reasonable splice point so  
10 that the system can be in effect quickly. If we  
11 are going to be unreasonable about where we are  
12 asking Verizon to build out, there are going to  
13 have to be a lot of issues that have to be  
14 resolved, and then it's going to take a lot longer  
15 for the system to be put in place. So, it's in our  
16 interest to name it, and because we've agreed in  
17 advance to one half, it would not be in our  
18 interests to name a splice point that would cause  
19 Verizon to have excessive construction costs  
20 because we are going to have to bear half of that.

21 MR. GOYAL: Could I ask WorldCom to  
22 respond to the same question.

1 MR. GRIECO: Could you rephrase it?

2 MR. GOYAL: The question is about the  
3 extent to which ILECs are required to build out  
4 their networks as a reasonable accommodation of  
5 interconnection.

6 Is there a reasonable limit up to which  
7 they should build out, which they should be  
8 required to build out, and what is that limit?

9 MR. BALL: Well, in terms of the mid-span  
10 fiber meet approach that we are taking with the  
11 jointly provisioned rings, I think as a general  
12 matter we are kind of in agreement with AT&T that  
13 since we both have an equal financial stake, that  
14 that will act as a check on avoiding unreasonable  
15 network demands and buildouts.

16 I would also point out that to the extent  
17 most of our networks are in the denser areas where  
18 both Verizon and the CLECs have a lot of fiber in  
19 the ground already, our experience has been that  
20 these types of arrangements are actually relatively  
21 simple to implement.

22 So, I don't think we have any--we don't

1 feel there is any need to put a bound to the extent  
2 that the proposals that have been--the way we've  
3 raised the issue in the arbitration.

4 MR. GOYAL: That's all.

5 MR. DYGERT: Okay, I think at this point  
6 we should call up the Verizon witnesses to at least  
7 begin their cross before lunch.

8 MS. KELLEY: Before we do that, will we  
9 have an opportunity for redirect of these witnesses  
10 if we just want to clear something up?

11 MR. DYGERT: Yes. What we thought we  
12 would do is have staff--once the cross of Verizon's  
13 witnesses is complete, we hopefully will have  
14 everyone up there together to the extent that the  
15 space permits it, and have staff ask their  
16 questions then. And after that the parties can  
17 bring anything up on redirect.

18 So, thank you very much.

19 (Off the record.)

20 MR. DYGERT: I thought it was earlier than  
21 it is. Should we just break for lunch now? Maybe  
22 an hour for lunch? Okay. See you back at 1:15

1 then.

2 (Whereupon, at 12:16 p.m., the hearing  
3 was adjourned until 1:15 p.m., the same day.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22